

Minnesota Angel Tax Credit Program

2012 Annual Report

Report to the Legislature
as required by M.S. 116J.8737

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Minnesota Angel Tax Credit Program

2012 Report to the Minnesota Legislature

Introduction

The Small Business Investment Tax Credit, commonly known as the Angel Tax Credit Program, was enacted into law on April 1, 2010 (Minnesota Statutes 116J.8737) and launched by the Department of Employment and Economic Development (DEED) in July 2010. The program was created to stimulate private investment in emerging businesses and to encourage job creation through the growth of those businesses.

In 2012, the program certified 190 businesses, 117 of which received investments from 465 certified individual investors and 191 investors in certified funds. These businesses received more than \$46.1 million in investment resulting in \$11.4 million in credits for investors. Details on program activity are presented below.

How it Works

The Angel program encourages growth and job creation by providing tax incentives to encourage investment in early stage companies. Investors in start-up businesses that are focused on developing or using proprietary technology in a high technology field or in specific industry fields receive a 25 percent refundable tax credit (subject to annual maximums of \$125,000 per person or \$250,000 if married filing jointly) for their equity investments in qualified businesses. The granting of these credits supports the success of Minnesota's entrepreneurs and the growth of emerging businesses, leading to job creation within Minnesota.

The law placed several requirements on businesses, investors and funds for participation in the program; some of these requirements were modified by the legislature in 2011 (2011, c. 112, art. 11, s. 2-4).

For businesses to qualify to participate in the program, they must meet the following requirements:

- Headquartered in Minnesota
- Minimum 51 percent of employees and payroll in Minnesota
- Fewer than 25 employees
- Pay employees wages of at least 175 percent of poverty level for a family of four on an annualized basis (the equivalent of \$19.39/hr in 2012); interns must be paid at least 175 percent of the federal minimum wage (the equivalent of \$12.69/hr)
- Not in operation for more than 10 years
- Not have received previous private equity investments of more than \$4 million
- Not have received private equity investments of more than \$4 million that have qualified for the angel credit
- Primary business activity of using or researching a proprietary technology in a high technology field or in agriculture, tourism, forestry, mining, manufacturing or transportation
- Not be an excluded business type

For investors to qualify to participate in the program, they must meet the following requirements:

- A natural person (not a pass-through or corporate entity)
- An accredited investor or one who will only invest in exempt filings
- Not receive more than 50 percent of annual gross income from the business invested in
- Make a qualifying investment of at least \$10,000

For investment funds to participate in the program, they must meet the following requirements:

- Minimum of three investors
- At least three investors of the fund must be natural persons
- Organized as a pass-through entity
- Make a qualifying investment of at least \$30,000

The process by which businesses, investors and funds receive credits is as follows:

1. All those who wish to participate in the Angel Tax Credit Program—businesses, investors, and funds—must apply to DEED for certification. This certification process ensures that they meet the requirements of the program.
2. Before a qualifying investment is made, the transaction participants must apply for a tax credit allocation. This process ensures that the parties do not exceed their annual or program life limitations for the tax credit and that sufficient tax credits are available for the planned investment.
3. Once the investment is made, the transaction participants must submit evidence of the investment; this evidence provides proof that the investment actually took place and that the investor is entitled to the tax credit.
4. Finally, those who make or receive investments pursuant to the program must file annual reports. These reports ensure compliance with the requirement that the investor hold the investment for three years and with the requirement that the business continue to maintain over 51 percent of its payroll and employees in Minnesota. Failure to meet these requirements results in recapture of the credit.

Businesses in Program

Businesses must be certified by DEED to participate in the program before investors may make investments in the businesses that qualify for the tax credit. Of the 190 businesses that were certified in 2012, 117 received investments. Of these 117, 53 were new to the program in 2012 and 64 received investment pursuant to the program in 2012 and in prior years; 82 businesses received investment only in prior years, resulting in a total of 199 distinct businesses benefitting from the program since its inception in 2010.

These 199 businesses reported that, in 2012, they received a total of \$33,174,475 in investment outside the program. Details on the business investments made pursuant to the program are below:

	<u>2010*</u>	<u>2011</u>	<u>2012</u>
Number of businesses certified:	112	176	190
Number of businesses in which investments were made:	67	113	117
Investment made in businesses qualifying for credit:	\$28,023,232	\$63,148,784	\$46,150,674
Credit issued for these investments:	\$7,005,808	\$15,787,156	\$11,415,751

*July 1-December 31, 2010

For a list of 2012 certified businesses, see Appendix A.

For a list of 2012 certified businesses that received investments, see Appendix B.

Industry Types

In order to be certified to participate in the Angel Tax Credit Program, a business must be using proprietary technology to add value to a product, process or service in a qualified high-technology field; researching or developing a proprietary product, process or service in a qualified high-technology field; or researching, developing or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing or transportation.

The industries represented by certified business and the corresponding investment are displayed in Table 1 and Table 2. These industry types are those typically used by the angel investment community.

**Table 1 - Industries Represented by Businesses
Participating in Angel Tax Credit Program, 2012***

Industry Type	Received Investments	Certified Only (No Investment)	Total
Biotechnology	11	3	14
Clean Technology	7	8	15
Consumer Products & Services	7	1	8
Electronics/Instrumentation	3	3	6
Food/Drink	3	1	4
Healthcare Services	4	3	7
IT (Information Technology) Services	8	5	13
Internet/Web Services	6	3	9
Marketing/Advertising	2	2	4
Medical Devices & Equipment	26	17	43
Software	31	16	47
Telecommunications	1	1	2
Other (I/E, Media, Nano, Travel)	8	10	18
TOTAL	117	73	190

* Standardized categories used by angel investment community; not necessarily reflective of business' primary activity for certification purposes

The top four types of businesses receiving investment in in 2012—software, medical device, biotech, and IT, varied only from both 2010 and 2011 in that IT replaced clean tech.

**Table 2 – Investment in Industries Represented by
Businesses Participating in Angel Tax Credit Program, 2012***

Type of Industry	Total Investment	Total Credits
Biotechnology	\$5,983,773	\$1,495,938
Medical Devices & Equipment	\$11,670,824	\$2,913,676
Software	\$14,340,156	\$3,507,760
Clean Technology	\$2,092,000	\$522,997
Consumer Products & Services	\$1,346,013	\$336,504
Healthcare Services	\$839,000	\$208,107
Electronics/Instrumentation	\$1,646,000	\$386,500
IT Services	\$1,130,007	\$280,863
Internet/Web Services	\$1,092,900	\$269,117
Marketing/Advertising	\$710,000	\$177,500
Food/Drink	\$482,500	\$120,625
Telecommunications	\$55,000	\$13,750
Networking/Equip and Other	\$4,332,500	\$1,074,913
TOTAL	\$46,150,674	\$11,415,751

*Standardized categories used by angel investment community; not necessarily reflective of business' primary activity for certification purposes

Location

Of the 117 certified businesses that received investment through the program in 2012, eight were located in Greater Minnesota; five other Greater Minnesota businesses were certified in 2012 but did not receive investment. Of the almost 200 businesses that have received investment pursuant to the program since its inception in 2010, 25 that are headquartered in the metro area also have operations in Greater Minnesota (see the *Business Demographics* section on page 6). Table 3 gives additional detail and Appendix C provides a map of business headquarters distribution.

**Table 3 – Headquarters Location of Businesses Receiving Qualifying Investment
in the Angel Tax Credit Program, 2010-2012**

Location	Businesses Receiving Qualifying Investment			Total Investment Made in Businesses		
	2010	2011	2012	2010	2011	2012
Twin Cities (7 county region)	62	100	109	\$26,248,232	\$50,260,689	\$43,892,174
Greater Minnesota	5	13	8	\$ 1,775,000	\$12,888,095	\$ 2,258,500
TOTAL	67	113	117	\$28,023,232	\$63,148,784	\$46,150,674

Throughout 2012, DEED actively worked to increase awareness of the Angel Tax Credit Program in Greater Minnesota by meeting with and presenting to interested business, investor, and economic development groups around the state, through email campaigns, and by an advertising campaign. These efforts will continue in 2013. However, because the program is focused on high tech start-ups,

and because the majority of high tech economic activity is in the metro area, the program remains metro-centric. See page 10 for more information on awareness campaign.

Business Demographics

Beginning in 2012, the Angel Tax Credit Program began collecting data, via business annual reports, regarding whether businesses that received investment pursuant to the program were minority-owned, women-owned, and whether metro area headquartered businesses had operations in Greater Minnesota.

Number of unique businesses:	199*
Number minority-owned:	4
Number women owned:	6
Number metro-headquartered with Gtr MN operations:	25

*as some businesses received investments in more than one year, this number is less than the total of how many businesses received investments each year

Job Creation

Businesses provide employment figures at the time of certification and in their year-end annual reports. Businesses report only on jobs they directly create, meaning only employees they have on their payroll. They do not report on contract workers or on employees hired by others to do work that they outsource, though the department is evaluating methods to possibly collect this data.

Direct job creation by businesses participating in the program is a long-term proposition. The capital they raise pursuant to the program is often used to contract for services, as it is often not economically feasible for early-stage businesses to build large payrolls. As businesses grow beyond their initial research and development stage and into the production and sales stage of their lifecycle is when substantial job creation takes place.

The program, pursuant to legislative intent, promotes the creation of good paying jobs: at the time of certification, businesses' employees must be paid at or above the statutory wage floor of 175% of the poverty level for a family of four (\$40,338 on an annualized basis, or \$19.39/hr in 2012). Table 4 provides employment information related to businesses that received investments pursuant to the program:

Table 4 – Job Creation by Businesses Receiving Qualifying Investment in the Angel Tax Credit Program

	# of Employees at Beginning of Year	# of Employees at End of Year	Jobs Created
2010 Job Creation:	137	195	58
2011 Job Creation:	266	441	175
2012 Job Creation:	463	616	<u>153</u>
Total Jobs Created			386
Estimated annual gross wages of jobs: (assuming at wage floor minimum)			\$15,570,468

Number and Value of Credits Issued

Angel tax credits are issued directly to investors, whether they invest in qualified businesses individually or through an investment fund. 656 credit certificates valued at almost \$11.4 million were issued for 2012 investments. In accordance with the Angel Tax Credit Program statute, any unused credit allocations are rolled forward to the following year's program. Because the 2010 program was in operation for only six months, there was a significant carryover of credits from 2010 to 2011.

Number of individual certified investors who made investments:	465
Number of investors in certified funds who made investments:	<u>191</u>
Total number of investors to whom credits were issued in 2012:	656

Table 5 – Angel Tax Credits Appropriated, Available, and Issued

2010 credit appropriation:	\$11,000,000
2010 credits issued:	\$7,005,808
2010 credits unused and rolled over to 2011 program:	\$3,994,192
2011 credit appropriation:	\$12,000,000
2011 credits available:	\$15,994,192
2011 credits issued:	\$15,787,196
2011 credits unused and rolled over to 2012 program:	\$206,996
2012 credit appropriation:	\$12,000,000
2012 credits available:	\$12,206,996
2012 credits issued:	\$11,415,751
2012 credits unused and rolled over to 2013 program	\$791,245
2013 credit appropriation	\$11,900,000
2013 credits available	\$12,691,245

In 2012, all available tax credits were allocated as of July 24, indicating the exceptionally strong demand for this program. An allocation of a tax credit means that an applied for amount of credits are reserved for a proposed investment transaction. These proposed transactions must occur within 60 days or the credit allocation is cancelled; once the program has allocated all the year's tax credits, any unused credits (e.g., unused because the planned investment did not take place) cannot be reallocated and are instead rolled over into the next year. In 2012, one planned fund investment, for which a large tax credit allocation was approved, did not happen, as well as several other smaller planned investments, leading to an unexpectedly overall unused credit amount. For these reasons, while all 2012 credits were allocated, 2012 credits that remained unused that were rolled over to 2013.

Recipients of Credits

Investors can participate in the program as individual certified investors, as investors in certified investment funds, or both. Investors must be certified before they make an investment in a certified business for that investment to qualify for the Angel Tax Credit. In 2012, 511 investors were certified, of

which 465 actually made an investment in a qualified business. 19 funds were certified in 2011, 17 of which (representing 191 investors) made investments in a qualified business.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Number of individual investors certified:	275	623	511
Number of individual investors who made investments:	258	563	465
Number of investment funds certified:	5	21	19
Number of investment funds that made investments:	4	21	17
Number of investors in funds that made investments:	32	195	191

The Angel Tax Credit is a refundable credit, meaning that if an investor has limited or no Minnesota state tax liability, the difference or the whole credit amount is refunded to the investor. This feature of the program, which was unique until Oklahoma recently added a similar provision, provides the opportunity for non-Minnesotans to make equity investments in Minnesota businesses and be eligible for the credit. Wisconsin and North Dakota, and possibly other states with similar programs, are considering making their angel tax credits refundable. The average investment per investor in 2012 was \$72,479, a small decline from 2011 due to increased participation by angel funds with large numbers of investors in 2012.

	2010	2011	2012
Average investment per investor:	\$96,300	\$83,310	\$72,479
Average credit amount per investor:	\$24,075	\$20,827	\$18,120

Minnesota's Angel Tax Credit Program spurs substantial investment in Minnesota businesses by non-Minnesotans. In 2012, non-Minnesotan investors accounted for 28 percent of overall investment, an increase from 27% in 2011 and 22% in 2010. Non-Minnesotan investors include several from other countries, including the Switzerland and India. See Table 6 for additional information.

Table 6 – Location of Investors Making Qualifying Investment in Qualified Businesses in the Angel Tax Credit Program, 2012

	Minnesotans		Non-Minnesotans	
	2012		2012	
Number of Investors ¹	461	74%	165	26%
Amount of Investment ²	\$33,431,156	72%	\$12,737,518	28%

¹Includes individual investors and fund investors

²Includes individual investments and fund investments

For a list of 2012 certified investors, see Appendix D.

For a list of 2012 certified funds, see Appendix E.

Number and Value of Credits Revoked

Investors may have their Angel Tax Credits revoked and recaptured if they do not meet all program requirements as stated in law. In 2012, no credits were revoked due to investors or businesses not meeting the following program requirements.

- No credits were revoked due to investors failing to hold their investment for three years (exceptions to this requirement are delineated in the following bullet point).
- \$165,001 in credits for investments were exempted from the three-year investment holding requirement for meeting one of the four allowed exemptions. These exemptions are:
 1. The investment became worthless (\$45,000 in credits)
 2. 80% of the business assets were sold (none)
 3. The business was sold (\$112,501 in credits)
 4. The business' common stock began trading on a public exchange (\$7,500 in credits)
- One (1) business is subject to a penalty of the amount of credits issued for investments made in that business because it failed to maintain its headquarters and at least 51% of its employees and payroll in Minnesota. The penalty amount declines 20% for five years; at that time the penalty ends.
 - This business maintained its headquarters in Minnesota but over 51% of its employees and payroll is outside the state. The amount of credit subject to collection as a penalty is \$19,250.

Program Financing and Costs

The Angel Tax Credit Program's operations are funded by program fees. Fees are collected at the time of certification application and upon submission of annual reports. Fee income in 2012 was derived from these sources:

Investor certification fees (\$350):	\$178,850
Fund certification fees (\$1,000):	\$19,000
Business certification fees (\$150):	\$28,500
Annual Reports (\$100):	<u>\$114,300</u>
Total	\$340,650

Total program administration costs in 2012 were approximately \$203,000 which reflects staffing needs, continued development and enhancement of a database to track operations, an advertising campaign, and miscellaneous expenses such as travel and printing. The program used 1.7 FTE staff in 2012, plus one temporary staff person for the December-February busy period. Costs will be approximately the same in 2013.

Staff	\$146,000
Database development	\$ 31,367
Greater MN advertising campaign	\$ 14,221
Miscellaneous (e.g., travel, printing, postage)	<u>\$ 11,649</u>
Total	\$203,237

Program Initiatives

Legislation

From its inception, the program has worked closely with stakeholders in the angel community to maximize business growth in Minnesota. In early 2011, the community recommended minor adjustments to the statute. As a result, the department proposed a wage minimum for interns, a member modification for funds, and an equity maximum consistency; all these proposals were passed by the 2011 Legislature. Additional minor adjustments were proposed by the department to the 2012 Legislature. These too were passed, but ultimately did not take effect when the 2012 tax bill was vetoed.

Greater Minnesota

Due to an unanticipated low level of participation by Greater Minnesota businesses in the Angel Tax Credit Program, the program in 2012 drafted and implemented a communications plan to ensure that businesses, economic development agencies and professionals, and angel communities in Greater Minnesota were aware of the program.

The communications plan employed a four prong strategy involving presentations, email campaigns, collaborations, and advertising:

1. Presentations
 Throughout the year we presented at six different Greater Minnesota angel events, providing information to 11 different organizations from all corners of the state.
2. Email campaigns
 Informative emails were sent to a variety of lists so that various communities who may not have heard of the program could become familiar with it. Those that received the emails included accounting firms, economic developers, chambers of commerce, community banks, business attorneys, medical device industry participants, venture capitalists, Minnesota Cup participants, and MN IDEA participants.
3. Collaborations
 The program was publicized in Greater Minnesota using a number of different avenues. These included Small Business Center's annual conference, where information about the program was presented and program materials shared with attendees, articles published in the Economic Development Association's (EDAM) newsletter, news releases issued regarding the program, and materials about the program sent to LifeScience Alley and BioBusiness Alliance events.
4. Advertising campaign
 Advertisements regarding the program were placed in Greater Minnesota newspapers, trade publications, and on related websites to increase awareness about the program by businesses outside the metro area. The ads were placed in three consecutive months (November and December 2012, January 2013) to coincide with the 2013 certification process. The ad placement included 285 general newspapers and their 56 websites, the BusinessNorth monthly business newspaper, the Minnesota High Tech Association's TechTuesday email weekly newsletter, The Farmer monthly magazine, and Engineering Minnesota monthly magazine. The variety of these venues corresponds to the industries included in the Angel Tax Program; overall circulation of these publications exceeds 1.5 million. The cost of the ad campaign was \$14,221.

In 2013 we will continue our awareness building efforts through angel networks, economic developers and other organizations to seek more utilization of the program by Greater Minnesota businesses.

Partnerships

The department has developed strong partnerships with a number of organizations that promote angel investing and business development within Minnesota. One such partner is the Minnesota Angel Network (MNAN), which develops angel networks throughout the state, often working with community-based organizations such as the Southern Minnesota Initiative Foundation, and participates with networks in other states to encourage interstate investment and deal syndication. MNAN has also developed a process to assist businesses to position themselves to receive investment – including investments through the Angel Program and has opened four business intake centers in Greater Minnesota to specifically assist non-metro area businesses. The department also actively works with Gopher Angels, The Collaborative, AngelPolleNation, MOJO Minnesota, the U of M Venture Center, and other organizations seeking to facilitate the growth of the angel investment community in Minnesota.

Closing

If you have any questions or comments regarding this report, please contact Jeff Nelson, Angel Tax Credit Program Coordinator, at 651.259.7523 or jeff.m.nelson@state.mn.us, or Bob Isaacson, Director of the Office of JOBZ and Business Finance, at 651.259.7458 or bob.isaacson@state.mn.us.

Appendix A

Minnesota Angel Tax Credit List of Qualified Businesses

The following businesses have been certified as Qualified Businesses under Minnesota Statute 116J.8737. This certification solely means that Minnesota Department of Employment and Economic Development (DEED) has found that each business meets the qualifications specified in Subdivision 3 of the statute and that each business is therefore eligible to participate in DEED's Angel Tax Credit Program.

2012 Qualified Business

3D Sports Technology, Inc	Energy Technology Unlimited of Minnesota, LLC
ABS Corporation	
Accelerated Innovations, LLC	Environmental Technologies
AccuDose Solutions, LLC	Event Content
Adestinn LLC	Exablade Corp.
Advanced Healing Systems, Inc.	Exosite, LLC
Advanced Vein Therapy, Inc.	Exsulin Corporation
Advanced Vein Therapy, Inc.	FABtec medical, Inc
Anser Innovation, LLC	FemMed, Inc.
Argos Risk, LLC	Fision Holdings, Inc.
Aria CV, Inc.	Fitness Formulary, LLC
Asset Record Company	Flywheel Exchange, LLC
AsystMe, LLC	For My Children
AUM Cardiovascular, Inc.	Fortiori Design, LLC
Avabar, LLC	Founding Fathers Products, LLC
Axcept Media, LLC	Fragrance Marketing Group, LLC
Bavia Health	FuelMiner, Inc.
Bio-Plastic Solutions, LLC	Fusion Medical, Inc
Bioactive Regenerative Therapeutics, Inc (BRTI)	FYI, When I Die, LLC
BioCell Therapies, Inc.	General Blood, LLC
BiteSquad.com LLC	Genii, Inc.
Blue Water Medical, Inc	Heatwave Solar LLC
BookBottles, LLC	Heilux, LLC
	HMP Enterprises, LLC

ByME, Inc.
Canopy Co.
Card Cells, LLC
Cardia Access, Inc.
Cardialen, Inc
CaringShare, Inc.
CaSTT, Inc.
Celcuity, LLC
Chitogen, Inc.
Circle Biologics, Inc.
Clinical Healthcare Corporation
Cloud Sports Data, LLC
Conservis Corp.
Contour Innovations, LLC
Cool Clean Technologies, LLC
Copa Animal Health, LLC
Cora Cove, Inc.
CorCardia Group, Inc.
CoreSpine Technologies, LLC
curenci, LLC
CytoMedical Design Group, LLC
Datuit, LLC
DealCurious, LLC
Defiant Bicycles, LLC
Do Group, LLC
Drazil Foods, LLC
Dreamgard, Inc.
Drive Power
EarthClean Corporation
Echobit, LLC
Ecovoltz
eLumen Collaborative, LLC
Empathic Clinical Suite, LLC
Energy Resource Insights, LLC

Heroic, Inc.
Horse Sense Shoes, LLC
HSIO Technologies, LLC
Hybrid Medical, LLC
iFundraise4U, Ltd.
ImmuMed, Inc
Inclined Biomedical Technologies, LLC
Instant Wireless Interpretation, LLC
InterSlice Ventures, LLC
Invenshure, LLC
Invisilighting, Inc.
IrriGreen, LLC
IVDesk Holdings, Inc.
Jericho Ventures, LLC
JetE, LLC
KG Technology Associates, Inc.
Kromer Co, LLC
Labels 2 Learn, LLC
LeagueSafe, LLC
Living Greens Farm, Inc.
LocaLoop, Inc.
Machine Safety Management, Corp.
Mashup Media, Inc.
Matrix MedTech, Inc
Mcgyan Biodiesel, LLC
MetaLogics Corporation
Metamodix, Inc.
Midart Communications, LLC
Mill Creek Life Sciences, LLC
Minneapolis Biomass Exchange, LLC
Miromatrix Medical, Inc.
MNY Group, LLC
MobileRealtyApps.com, LLC
Mylceberg, LLC

Nascent Surgical, LLC
National Renewable Solutions, LLC
NeoCardial Technologies, LLC
Nirva Medical, LLC
No Sweat, LLC
Nomolos, Inc.
Novu, LLC
Nu-Tech Foods Inc.
Once Innovations, Inc.
One Way Hub, LLC
OrthoCor Medical, Inc.
Packet Power, LLC
Patient Readiness Institute, Inc.
Paypongo, LLC
Phraxis Inc.
Physio-Insight, Inc.
PointPath, LLC
PointPath, LLC formerly: PointPath Corp
Preceptis Medical, Inc.
PrestigeWare Incorporated
Primmo Apps, Inc. (old)
ProfitSee, Inc.
protectRX
PumpWorks, LLC
Pursuit Vascular, Inc.
QFO Labs, Inc.
Qonqr, LLC
QuickCheck Health, Inc.
rareEarth, LLC
Real Time Translation, Inc.
Recombinetics, Inc.
Referral Buzz, LLC
Reshare Commerce, LLC
riteSOFT, LLC
RowBot Systems, LLC

Rubigo Therapeutics, Inc
RxFUNCTION, Inc.
SafeKey Corporation
Salus Devices, LLC
ScyFIX, LLC
Seeonic, Inc.
She - TAXI
Sheer Wind, Inc.
Smart Packaging, LLC
SMART Signal Technologies, Inc.
SmartHangar.com, Inc.
SocialMesh, Inc
SoPayMe, LLC
Spinethera
St. Teresa Medical, Inc
Standard Health Inc.
Sterilucent, Inc.
Streamline, Inc
Sunfish Studios, LLC
SynGas Technology, LLC
Talking Fish, LLC
Tarsier, Inc.
TelemetryWeb, Inc.
The Living Tree, LLC
Third Iron, LLC
Third Wind, LLC
Thrill On, LLC
Triangle Energy Solutions, LLC
TruHealth, LLC
Tweather, LLC
Upstream Technologies, Inc.
VaporLok Technology, LLC
VaporWire, LLC
Vatrix Medical, Inc.
VedaloHD Performance Eyewear, Inc.

Verde Environmental Technologies, Inc.

Vertical Farms Produce

Vertical Health Solutions, Inc.

Visiam, LLC

Vital Simulations, LLC

Vizsy, Inc.

Workface, Inc.

Zoltan Laboratories, LLC

Appendix B

Minnesota Angel Tax Credit List of Credits Issued

The following businesses have received investments that have qualified for Angel Tax Credit certificates under Minn. Stat. 116J.8737. Issuance of these certificates solely means that Department of Employment and Economic Development (DEED) has found that the investment meets the qualifications specified in the statute and that the qualified investor or qualified fund's investor are being awarded tax credits under DEED's Angel Tax Credit Program. Minn. Stat. 116J.8737, Subd. 8, paragraph (a) makes this public data.

Businesses Receiving Investments through the Angel Tax Credit Program in 2012

Business Name	Investment Amount	Credits Issued
3D Sports Technology, Inc	\$315,000.00	\$78,750.00
ABS Corporation	\$317,500.00	\$77,320.00
Accelerated Innovations, LLC	\$1,000,000.00	\$250,000.00
Anser Innovation, LLC	\$492,500.00	\$123,125.00
Argos Risk, LLC	\$274,963.00	\$68,741.00
Aria CV, Inc.	\$135,000.00	\$33,750.00
AsystMe, LLC	\$292,500.00	\$73,125.00
AUM Cardiovascular, Inc.	\$415,000.00	\$103,750.00
Avabar, LLC	\$250,000.00	\$58,393.00
Bavia Health	\$650,864.00	\$162,706.00
Bio-Plastic Solutions, LLC	\$375,000.00	\$93,750.00
BRTI	\$102,500.00	\$25,625.00
Blue Water Medical, Inc	\$500,000.00	\$108,572.00
Card Cells, LLC	\$1,837,500.00	\$459,375.00
Cardia Access, Inc.	\$410,000.00	\$102,500.00
Cardialen, Inc	\$425,000.00	\$105,593.00
CaSTT, Inc.	\$125,000.00	\$31,250.00
Celcuity, LLC	\$200,000.00	\$50,000.00
Circle Biologics, Inc.	\$400,000.00	\$100,000.00
Cloud Sports Data, LLC	\$1,477,684.00	\$369,422.00
Conservis Corp.	\$1,022,500.00	\$255,625.00
CoreSpine Technologies, LLC	\$10,000.00	\$2,500.00
curenci, LLC	\$35,000.00	\$8,750.00
DealCurious, LLC	\$50,000.00	\$12,500.00

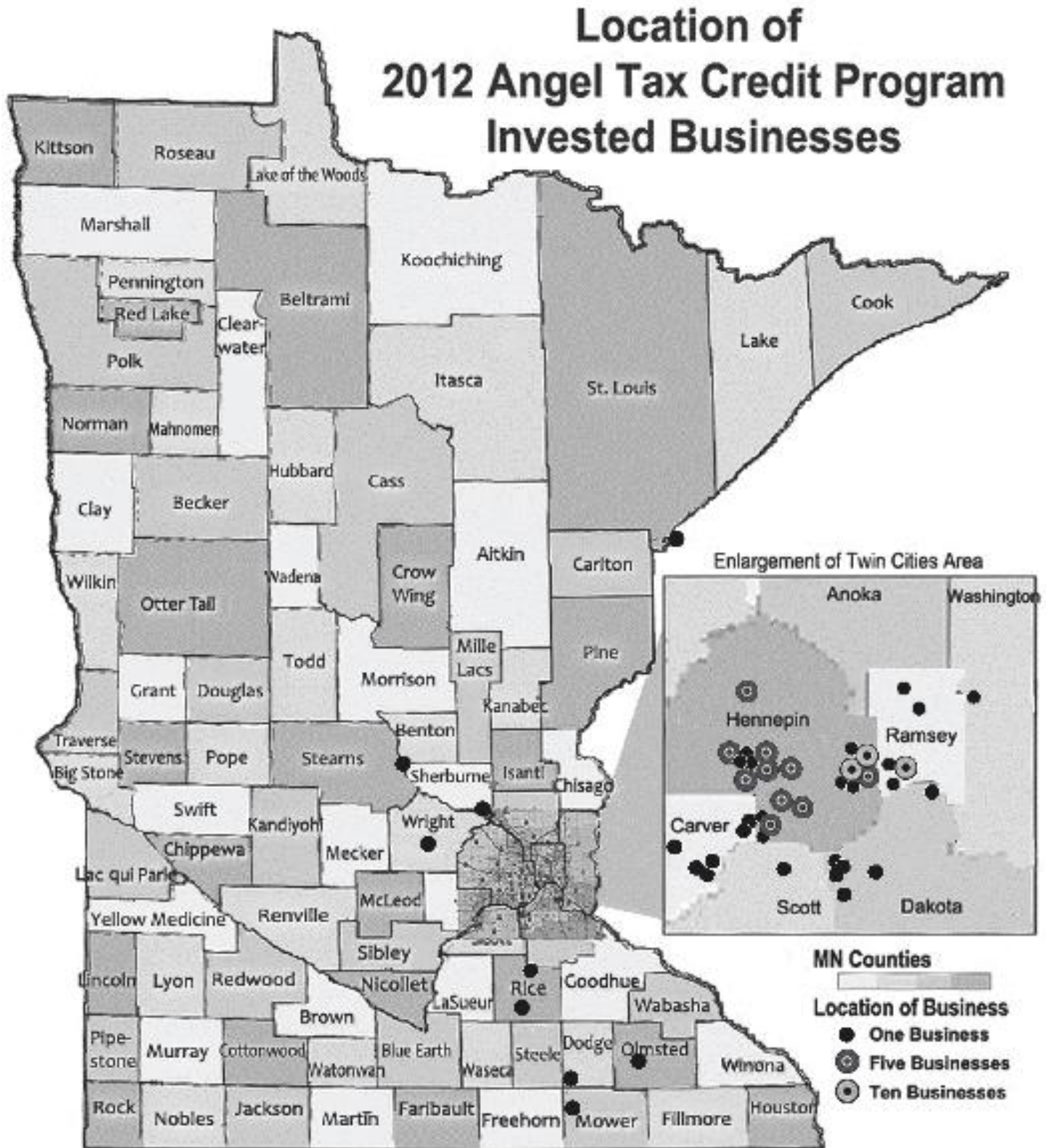
Business Name	Investment Amount	Credits Issued
Drive Power	\$550,000.00	\$137,500.00
EarthClean Corporation	\$550,000.00	\$137,500.00
Echobit, LLC	\$50,000.00	\$12,500.00
Ecovoltz	\$30,000.00	\$7,500.00
eLumen Collaborative, LLC	\$1,000,000.00	\$250,000.00
Empathic Clinical Suite, LLC	\$990,940.00	\$246,915.00
Energy Resource Insights, LLC	\$70,000.00	\$17,500.00
Energy Technology Unlimited of MN	\$600,000.00	\$149,998.00
Exosite, LLC	\$629,738.00	\$157,435.00
Exsulin Corporation	\$350,000.00	\$87,500.00
Fision Holdings, Inc.	\$250,000.00	\$62,500.00
Fitness Formulary, LLC	\$25,000.00	\$6,250.00
Flywheel Exchange, LLC	\$450,007.00	\$112,505.00
For My Children	\$105,000.00	\$25,429.00
Founding Fathers Products, LLC	\$150,000.00	\$37,500.00
Fragrance Marketing Group, LLC	\$333,000.00	\$83,250.00
FYI, When I Die, LLC	\$65,000.00	\$16,250.00
Genii, Inc.	\$320,000.00	\$80,000.00
Heilux, LLC	\$500,000.00	\$125,000.00
Heroic, Inc.	\$120,000.00	\$30,000.00
HSIO Technologies, LLC	\$1,300,000.00	\$325,000.00
iFundraise4U, Ltd.	\$20,000.00	\$5,000.00
ImBio, LLC	\$450,010.00	\$112,498.00
Instant Wireless Interpretation, LLC	\$146,000.00	\$36,500.00
Invenshure, LLC	\$616,677.00	\$154,172.00
Invisilighting, Inc.	\$10,000.00	\$2,500.00
IrriGreen, LLC	\$140,000.00	\$32,699.00
IVDesk Holdings, Inc.	\$50,000.00	\$10,858.00
Jericho Ventures, LLC	\$120,000.00	\$30,000.00
Labels 2 Learn, LLC	\$25,000.00	\$6,250.00
LeagueSafe, LLC	\$50,000.00	\$12,500.00
Living Greens Farm, Inc.	\$1,227,163.00	\$306,790.00
LocaLoop, Inc.	\$737,900.00	\$184,474.00
Matrix MedTech, Inc	\$150,000.00	\$37,500.00
MetaLogics Corporation	\$60,000.00	\$15,000.00
Metamodix, Inc.	\$1,016,375.00	\$254,094.00
Midart Communications, LLC	\$55,000.00	\$13,750.00
Mill Creek Life Sciences, LLC	\$125,000.00	\$31,250.00
Minneapolis Biomass Exchange, LLC	\$15,000.00	\$3,750.00
Miromatrix Medical, Inc.	\$1,693,600.00	\$423,400.00
MNY Group, LLC	\$588,000.00	\$147,000.00
Mylceberg, LLC	\$25,000.00	\$6,250.00
Nascent Surgical, LLC	\$325,000.00	\$81,250.00

Business Name	Investment Amount	Credits Issued
National Renewable Solutions, LLC	\$360,001.00	\$90,001.00
Nirva Medical, LLC	\$25,000.00	\$6,250.00
No Sweat, LLC	\$272,500.00	\$68,125.00
Novu, LLC	\$2,000,001.00	\$434,292.00
Nu-Tech Foods Inc.	\$137,500.00	\$34,375.00
One Way Hub, LLC	\$100,000.00	\$25,000.00
OrthoCor Medical, Inc.	\$1,270,101.00	\$317,525.00
Packet Power, LLC	\$125,000.00	\$31,250.00
Patient Readiness Institute, Inc.	\$215,000.00	\$52,107.00
Phraxis Inc.	\$400,000.00	\$100,000.00
Preceptis Medical, Inc.	\$610,000.00	\$152,500.00
PrestigeWare Incorporated	\$30,000.00	\$7,500.00
protectRX	\$72,500.00	\$18,125.00
PumpWorks, LLC	\$710,000.00	\$177,500.00
Pursuit Vascular, Inc.	\$2,203,500.00	\$544,304.00
QFO Labs, Inc.	\$200,000.00	\$50,000.00
QuickCheck Health, Inc.	\$104,000.00	\$26,000.00
Real Time Translation, Inc.	\$1,451,492.00	\$354,430.00
Recombinetics, Inc.	\$705,000.00	\$176,250.00
riteSOFT, LLC	\$400,000.00	\$100,000.00
RowBot Systems, LLC	\$250,000.00	\$62,500.00
RxFunction, Inc.	\$100,000.00	\$25,000.00
Salus Devices, LLC	\$210,000.00	\$52,500.00
ScyFIX, LLC	\$182,408.00	\$45,603.00
Seeonic, Inc.	\$300,000.00	\$75,000.00
Sheer Wind, Inc.	\$337,000.00	\$84,250.00
Smart Packaging, LLC	\$250,000.00	\$54,288.00
SMART Signal Technologies, Inc.	\$60,000.00	\$15,000.00
SmartHangar.com, Inc.	\$75,000.00	\$18,750.00
Spinethera	\$320,000.00	\$80,000.00
St. Teresa Medical, Inc	\$390,000.00	\$120,000.00
Standard Health Inc.	\$202,400.00	\$50,600.00
Streamline, Inc	\$35,000.00	\$8,750.00
Sunfish Studios, LLC	\$900,000.00	\$225,000.00
SynGas Technology, LLC	\$360,000.00	\$89,999.00
Talking Fish, LLC	\$150,000.00	\$37,500.00
The Living Tree, LLC	\$10,000.00	\$2,500.00
Third Iron, LLC	\$50,000.00	\$12,500.00
Thrill On, LLC	\$1,135,000.00	\$283,750.00
TruHealth, LLC	\$195,000.00	\$48,750.00
Tweather, LLC	\$160,000.00	\$40,000.00
Upstream Technologies, Inc.	\$115,000.00	\$28,750.00
VaporWire, LLC	\$50,000.00	\$12,500.00

Business Name	Investment Amount	Credits Issued
Vatrix Medical, Inc.	\$510,000.00	\$127,500.00
VedaloHD Performance Eyewear, Inc.	\$300,550.00	\$75,138.00
Verde Environmental Technologies, Inc.	\$150,000.00	\$37,500.00
Vertical Health Solutions, Inc.	\$248,800.00	\$62,200.00
Vital Simulations, LLC	\$100,000.00	\$25,000.00
Vizsy, Inc.	\$265,000.00	\$66,250.00
Zoltan Laboratories, LLC	\$150,000.00	\$37,500.00

Appendix C

Minnesota Angel Tax Credit: Map of Business Distribution



Appendix D

Minnesota Angel Tax Credit List of Qualified Investors

The following investors have been certified as Qualified Investors under Minnesota Statute 116J.8737. This certification solely means that Minnesota Department of Employment and Economic Development (DEED) has found that each investor meets the qualifications specified in Subdivision 3 of the statute and that each investor is therefore eligible to participate in DEED's Angel Tax Credit Program.

2012 Qualified Investors

Abdella, Blake	Bartsch, Eric	Brown, James
Adams, Ted	Baumgartner, Robert	Brown, Michael
Ahrens, Bradley	Becker, Terry	Bruggeman, Jr., William
Aldritt, Colleen	Beltz, Nancy	Brust, Thomas
Allaei, Daryoush	Beltz, Richard	Brzica, Jr., Stephen
Alldredge, William	Bensen, Garfield	Bursch, Frederic
Ament, Jeffrey	Benson, Joseph	Buyse, Thomas
Anderson, Bradbury	Berdusco, John	Calhoun, Michael
Anderson, Chad	Berge, Donald	Campbell, Bruce
Anderson, Jeffrey	Berge, Ivar	Campbell, James
Anderson, Lee	Bergquist, Jon	Cannon, Edward
Ange, Jr., William	Bersin, Robert	Carroll, Karen
Arneson, Thomas	Bianco, Jeffrey	Carroll, Patrick
Arvidson, Curt	Bingham, Paul	Casby, Kurt
Arvidson, Jessica	Bird, John	Caulfield, Kevin
Atherton, Richard	Blanchard, III, John	Chapman, James
Attman-Segal, Robert	Blank, John	Chitale, Sameer
Baarsch, Katherine	Blegen, Mary	Christian, Amber
Bailey, Cheryl	Blissenbach, Henry	Christiansen, John
Bailey, Jean	Blofield, Ken	Chung, Won
Baillie, Glenn	Brading, David	Clark, Jay
Baker, Jason	Bradley, Timothy	Clark, Kevin
Baker, Richard	Brandt, Larry	Clasen, Dodd
Baldwin, Matthew	Breon, Robert	Cleet, James
Bankwala, Zehyani	Brian, Mari	Cochrane, Richard
Bares, Charles	Briden, Marie	Colton, Joshua
Bares, Keith	Bringer, Robert	Connors, Bradley
Barkmeier, Jeffrey	Briones, Richard	Cousineau, Henry
Barry, Leigh	Brocker, Michael	Crandall, David
Barton, James	Broderick, Sean	Crump, Lisa
Barton, Scott	Brooks, John	Culey, Dennis

Cullen, Hugh
Cunagin, Danny
Curry, David
Curtis, Paul
Dahl, Brian
Dahl, Mark
Dahl, Miriam
Dahl, Mitchell
Dale, Michael
Damani, Ramesh
D'Amico, Dominic
Dardi, Peter
DeBerg, Craig
Deckas, Andrew
DeLahunt, James
DeLanghe, Donald
DeMello, Jeffrey
Dennis, MarryAnne
Dent, David
DeSalvo, Matthew
Devon, Richard
DiCola, John
Diebold, Dixon
Diebold, Rene
Diebold, Stephen
Dippel, Eric
Donan, William
Douglas, William
Doyal, Randall
Dryer, Daniel
DuBois, Christopher
Duffer, Mark
Dyrstad, Marvin
Ebertz, Michael
Edgar, Robin
Eftekhari, Malekeh
Ehlers, Gary
Eide, Vicki
Eidsvold, James
Ekstrand, Richard
Elftmann, Joel
Ellingson, Bernhard
Endres, Leon
Endres, Thomas
Erdem, Cem
Erickson, Brian
Erickson, Renwood
Espindola, Sebastifo

Esser, Teresa
Farrell, April
Farrell, William
Fisher, David
Fitzgerald, Michael
Flowers, Jr., Lewis
Floyd, Dale
Flynn, Charlie
Forney, Walter
Foss, Richard
Fox, Charles
Francis, John
Frederickson, Daniel
Frey, Katherine
Garen, Scott
Gentry, Staley
Gerhardt, Donald
Gesko, David
Gilbertson, David
Golden, Marshall
Goode, Lawrence
Gougeon, Franck
Gray, James
Grochowski, Chad
Grunewald, Jonathon
Gurbach, David
Gustilo, Gloria
Gwinn, Michael
Hafdal, Richard
Hagberg, Norman
Hagen, Russell
Haines, Stanley
Haines, Timothy
Halla, Donald
Halper, David
Halverson, James
Hanson, Michael
Harrington, Michael
Harrison, Supenn
Hart, Brian
Hassan, Sohail
Hasslinger, Michael
Haugan, Todd
Haughey, Matthew
Hauschild, Thomas
Hauser, Peter
Hays, James
Heeter, Russell

Heinemann, Mark
Hellervik, Lowell
Helms, Jack
Henderson, Joseph
Hendry, Bruce
Herman, Reginal
Heupel, Joshua
Hickey, Thomas
Hickey, Jr., James
Higgins, Stuart
Hollenhorst, Charles
Hopfenspirger, Larry
Howe, Michael
Hultgren, Bruce
Hutson, Jr, Harold
Ibsen, Craig
Jensen, Peter
Jerome, Jerome
Johnson, David
Johnson, David
Johnson, Jay
Johnson, Michael
Jorgenson, David
Joshi, Amol
Joy, Samuel
Jutting, Todd
Karkela, Larry
Katalinich, Steve
Kaufmann, Allen
Keeth, Douglas
Kent, Ingrid
Ketelsleger, Kevin
King, Steven
Kinney-Nelson, Barbara
Kjelden, Robert
Klas, Jr., Robert
Klinefelter, Gary
Klungness, James
Knuth, Gregory
Knutsen, Sean
Kolb, Fred
Kolb, Lori
Kollock, Kevin
Konezny, Ronald
Kopischke, Troy
Koziol, Paul
Kramp, Richard
Krishnan, Subramanian

Krocak, Robert
Kroll, Laurel
Kroll, Mark
Kroll, Richmond
Kroll, Robert
Kurzman, David
Kyle, Richard
Lamovec, Raymond
Larkins, Stuart
Larson, Paul
Larson, Vincent
Laube, Dean
Lawton, Nicholas
Lawyer, Joseph
Lazar, Eric
Lear, Steven
Leonard, Dean
Leonard, Gary
Lepeska, James
Lerum, Stephen
Letscher, Thomas
Lettmann, John
Levey, Richard
Lillemoie, Kent
Linstroth, Paul
Lisberg, William
Litschke, Leann
Livingston, Jason
Loehrke, Kent
Loken, Kenneth
Longlet, Donald
Lothenbach, Robert
Lundberg, Steve
Lynds, Edward
Maas, Dennis
Macdonald, Ken
Machmeier, Bruce
Macintyre, James
Magne, Thomas
Mahler, Glenn
Makowski, John
Mandt, David
Mansfield, Seymour
Marra, James
Marvin, John
Mataczynski, Craig
Mathes, James
Matteson, Brian

Mayhew, Anthony
McEllistrem, Thomas
McFarland, Richard
McGuire, Jane
McKay, Randy
McKay, Steven
McKinney, Patrick
McNellis, Gregory
McPhee, Scott
McQuinn, Alvin
McQuinn, Mary
Melilli, Steven
Meloch, Michael
Melquist, Paul
Mershon, William
Meskan, Thomas
Meyer, Nathaniel
Michel, Eduard
Michelon, Richard
Miller, Stephen
Missling, Robert
Mitchell, Andrew
Mitchell, Charles
Mitchell, Kari
Mohoruk, Terrance
Morgan, Randy
Morrison, John
Mueller, Gerald
Mueller, III, John
Munster, Charles
Myhre, Jeff
Nash, Marlow
Nelson, Cheryl
Nelson, Erik
Nelson, Glen
Nelson, Kenneth
Nelson, Matthew
Nelson, Michael
Nelson, Steven
Nelson, Timothy
Ness, Nancy
Nickels, Kevin
Noble, Gary
Noble, John
Norman, Dermott
Novak, Jay
Novogratz, Joseph
O'Dell, Jeffrey

Ohlson, Eric
Olivier, Edmund
Olson, Jack
Olson, Kristopher
O'Neil, Jeannie
O'Neill, Elizabeth
Opperman, Nathaniel
Oppold, Thomas
Otterlei, John
Page, John
Palmer, David
Parikh, Manish
Patel, Ashokkumar
Patel, Mukesh
Paulus, Kenneth
Pauly, Daniel
Pavelski, Richard
Paxton, Michael
Pedersen, Bradley
Pederson, Andrea
Pell, Lewis
Perkins, Daniel
Perrine, Richard
Pestello, Cheryl
Petersen, Gary
Peterson, Craig
Peterson, Dale
Peterson, Lars
Peterson, Pamela
Peterson, Robert
Petrucci, Gary
Phippen, Timothy
Piper, Jeffrey
Pjesky, Chelsey
Ploen, Mark
Polachek, Sol
Polson, Jacqueline
Polson, Jeremy
Pontius, Stephen
Potvin, Roger
Pricco, Steven
Priedeman, Jr., William
Pugh, Steven
Qualen, Christopher
Qualen, Michael
Radovich, Nick
Ragaller, Steven
Rasmussen, David

Rausnitz, Gerald
Redfield, Corey
Reedy, David
Reese, Brett
Rehemtulla, Alkawaz
Rehnberg, Kevin
Rehwaldt, Gregory
Rettew, Bruce
Rice, Eric
Richie, Alfred
Rivkin, Judith
Roach, Daniel
Robbins, Mark
Roberts, Steven
Rocha-Singh, Krishna
Rogers, John
Rose, Brian
Rose, Matthew
Rose, Megan
Rose, William
Rosen, Thomas
Rosene, Robert
Ross, Brian
Roth, Damon
Rowley, Thomas
Russick, Leslie
Salovich, Elmer
Sandozi, Irfan
Sarrai, James
Satorius, John
Scandurra, John
Schell, Robert
Scherer, Gary
Schmidt, Perry
Scholz, Jon
Schoper, Paul
Schrivier, Robert
Schultz, Wesley
Schutz, Ron
Schwider, Brian
Seaberg, John
Sealock, Donald
Seed, Randolph
Seleskie, Joel

Sellke, Terry
Shapiro, Daniel
Shapland II, James
Shearer, III, James
Shearer, Jr., James
Shorba, Christopher
Simenstad, Mark
Simonson, Gerald
Simpson, William
Sletto, Ronald
Slipka, Brian
Smith, Dean
Snow, Michael
Sorvala, Marvin
Speroni, Karen
Spies, Gary
Sprenger, Leon
Springer, John
Springer, Keith
Sproule, Paul
Sreekumar, Bhaskaran
Stamer, Dale
Steigauf, Timothy
Stenoien, Daniel
Stenoien, Mark
Stewart, David
Storlie, Ted
Sulheim, Kasey
Sulheim, Ryan
Sullivan, Brian
Sullivan, Michael
Surich, Richard
Sutton, Robert
Swank, Sidney
Swansen, Russell
Sweetser, Philip
Swenson, Michael
Swenson, Michael
Swift, Thomas
Talmage, Ross
Talmage, William
Tenenbaum, Daniel
Teske, Judy
Thacker, Kipling

Thomas, Abbott
Thorsland, Michael
Thorvilson, John
Tibbles, Mark
Tice, Trevor
Tofteland, Dean
Townsend, Frederick
Trapp, Chris
Troendle, Fredrick
Ulstad, Vincent
Urness, Todd
Vasko, Roger
Verburgt, Thomas
Vickerman, Robert
Vig, Linn
Villas, John
von Kuster, Paul
Voss, Gregory
Voss, Thomas
Wachsler, Steven
Waddell, Wiley
Ware, Justin
Way, William
Weber, Robert
Weber, Ryan
Weinmann, IV, Robert
Weitzel, John
Welsh, Timothy
Wentland, Arnold
Wheeler, Steven
White, Michael
Wicka, James
Wicka, John
Wicka, Thomas
Wirth, Steven
Woodburn, Jr., James
Wright, Michael
Wynne, Christopher
Yoch, E. Ted
Zarama, Mario
Ziebol, James
Ziebol, Robert

Appendix E

Minnesota Angel Tax Credit List of Qualified Funds

The following funds have been certified as Qualified Funds under Minnesota Statute 116J.8737. This certification solely means that Minnesota Department of Employment and Economic Development (DEED) has found that each fund meets the qualifications specified in Subdivision 3 of the statute and that each fund is therefore eligible to participate in DEED's Angel Tax Credit Program.

2012 Qualified Funds

Abigail Investments
Bermuda Group, LLC
Fountain Hills Investments, LLC
G.D.O., Inc. d/b/a Gradient Technology
Honour Capital Partners, L.P.
Invenshure Fund I, LP
Madcap Ventures, LLP
Mason Family, LLC
McKay Investments, LLC
Metavest, LLC
Omphalos Venture Partners, LLC
PL Investment Partners, LLC
Rappaport Investment Fund, LLC
Red Hawk Capital, LLC
Sofia Angel Fund, LLC
Twin Cities Angels II, LLC
Twin Cities Angels, LLC
WEA Energy Private Equity
Zen Partners, LLC